

806 KAR 13:100. Motor vehicle comprehensive insurance rate discounts for antitheft devices.

RELATES TO: KRS 304.12-090-304.12-110, 304.13-051, 304.13-065, 304.14-100, 304.14-110, 304.20-400-304.20-450

STATUTORY AUTHORITY: KRS 304.2-110

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 provides that the Executive Director of Insurance may make reasonable administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code. This administrative regulation implements the provisions of KRS 304.20-400 to 304.20-405, which requires insurers to grant discounts in motor vehicle comprehensive insurance rates for those insureds using anti-theft devices which meet certain criteria.

Section 1. Definitions. As used in this administrative regulation:

- (1) "Executive director" means the Executive Director of the Kentucky Office of Insurance.
- (2) "Comprehensive insurance coverage" means a coverage under a motor vehicle insurance policy which provides protection against loss or damage to a motor vehicle except by collision or upset.
- (3) "Motor vehicle" has the meaning set forth in KRS 304.39-020(7).

Section 2. Scope. (1) This administrative regulation applies to comprehensive insurance coverage under all motor vehicle insurance policies issued or renewed after January 1, 1987.

(2) The discounts required by KRS 304.20-400 to 304.20-440 must be granted to both commercial and private passenger risks.

Section 3. Approval of Antitheft Devices. All antitheft devices which meet the criteria of KRS 304.20-400 to 304.20-440 are approved for discounts as specified in KRS 304.20-400 to 304.20-440.

Section 4. Rate Filings. All insurers issuing or renewing motor vehicle comprehensive insurance coverage in Kentucky after January 1, 1987, shall make a rate filing pursuant to KRS Chapter 304.13 to reflect the discounts required by KRS 304.20-400 to 304.20-440. Such rate filings must be made by January 1, 1987.

Section 5. Notice of Availability of Motor Vehicle Comprehensive Insurance Rate Discounts. (1) All insurers issuing or renewing motor vehicle comprehensive insurance coverage after January 1, 1987, shall provide written notice to insureds or prospective insureds of the right to apply for a discount for anti-theft devices. The notice shall be in the form prescribed by the executive director. The executive director shall issue a bulletin establishing the effective date for use of the uniform notice form.

(2) Notice to prospective insureds shall be given no later than the time of the delivery of the policy.

(3) Notice to existing insureds shall be given at the time of the first renewal following January 1, 1987, and on subsequent renewals at the option of the insurer.

Section 6. Application Forms for Discounts. (1) All insurers issuing motor vehicle comprehensive insurance coverage shall develop an application form for discounts in comprehensive insurance coverage pursuant to KRS 304.20-400 to 304.20-440.

(2) Such forms shall be available to insureds upon their request.

(3) Such forms shall be used pursuant to KRS 304.14-100(3), 304.14-110, and all other applica-

ble law. Insurers shall use such forms to determine whether insureds must be granted discounts pursuant to KRS 304.20-400 to 304.20-440.

(4) Insurers may file such forms for approval pursuant to KRS 304.14-120 and 806 KAR 14:005. Such forms shall contain or request at least the following information:

- (a) The name of the named insured;
- (b) Policy number;
- (c) Vehicle description (year, make, model, and vehicle identification number);
- (d) A description of the anti-theft device;
- (e) Signature by the insured as indication that the representations in the application are true; and
- (f) Any other information desired by the insurer.

Section 7. Application for a Discount During a Policy Period. If an application for a discount pursuant to KRS 304.20-400 to 304.20-440 is received while a policy is in force and the discount is granted, the discount shall be prorated based on the unexpired policy period and credited to the insured's premium at renewal in addition to the discount for the next policy period. If the policy is not renewed, the amount of the prorated discount shall be paid to the insured, except that any such amount less than one (1) dollar need not be refunded.

(1) At its option, the insurer may:

- (a) Grant the full discount rather than prorating it;
- (b) Make immediate payment of the discount to the insured rather than crediting it to the next billing.

Section 8. Anti-theft Devices Provided by Insurers. (1) Insurers may, at their option, provide their insureds an anti-theft device as a service to reduce the risk of loss. This means that insurers may provide an anti-theft device which is itself a service (for example, a window identification system) or pay for the labor expense of installation of an anti-theft device which is a mechanical device. Pursuant to KRS 304.12-110(4), insurers cannot give an insured or prospective insured any anti-theft device which is a mechanical device which is worth more than one (1) dollar.

(2) If an insurer provides an anti-theft device to its insureds pursuant to subsection (1) of this section and receives a properly completed application for a discount pursuant to KRS 304.20-400 to 304.20-440, it may:

- (a) Withhold the first year's discount to assist in paying for the anti-theft device; or
- (b) Grant the discount in accordance with KRS 304.20-400 to 304.20-440 and this administrative regulation.

Section 9. Window Identification Systems. In order to qualify for the fifteen (15) percent discount established by KRS 304.20-420(5), a window identification system must meet the following guidelines:

(1) The identification number used by a window identification system shall be the vehicle identification number of the motor vehicle marked.

(2) As used in KRS 304.20-420(5), "small vent window" means a window which may be opened to ventilate the passenger compartment of a motor vehicle. If a small window in a motor vehicle cannot be opened, it must be marked.

(3) Insurers shall accept the uniform vehicle identification verification form prescribed by the Kentucky State Police as an application for a discount for a window identification system, if such form is approved by the executive director.

Section 10. Severability; Effective Date. (1) If any provision of this administrative regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder

of this administrative regulation and the application of such provision to other persons or circumstances shall not be affected thereby.

(2) This administrative regulation shall become effective upon completion of its review pursuant to KRS Chapter 13A.

(3) As a courtesy to the Legislative Research Commission, the Office of Insurance states that this administrative regulation is intended to be permanent. (13 Ky.R. 1205; Am. 1445; eff. 2-10-87; 1758; 2014; eff. 6-9-87; TAm eff. 8-9-2007.)